2/10/86
U4110-

# PENNSYLVANIA BUSINESS SURVEY

College of Business Administration The Pennsylvania State University **January 1986**

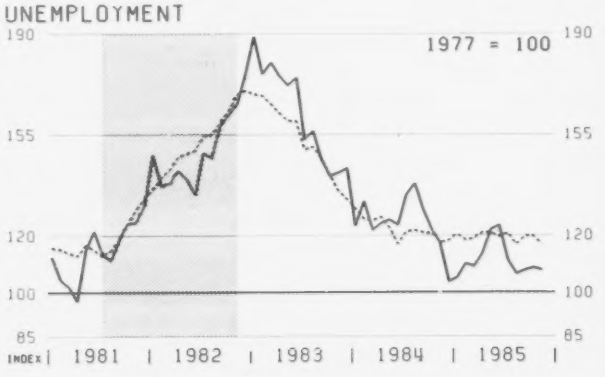
## Manufacturing Rebound Appears Necessary to Sustain Recovery

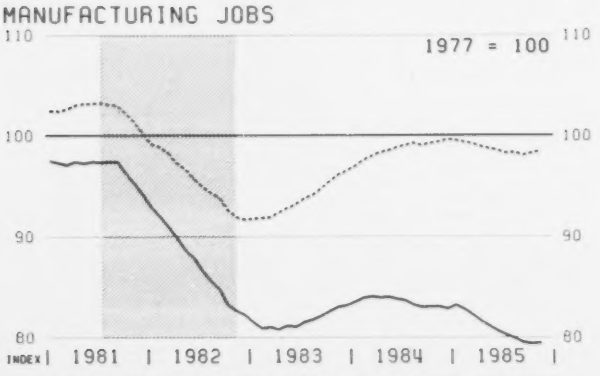
**The Pennsylvania economy failed to generate any momentum in November, making a strong December rebound necessary to send the economy positively into the new year.** Especially discouraging was the resident employment/unemployment picture in the Commonwealth. The seasonally adjusted 5 million individuals employed represents a fall of 137,000 from October, the second consecutive decline. Based upon the insignificant decline in the number of unemployed and the large fall-off in the labor force, it appears as if some residents became discouraged at their prospects for employment and left the workforce. This is a disturbing development and may represent a lack of confidence in the economy on the part of Pennsylvanians. However, due to sampling errors, several months of similar trends are required before such a conclusion may be drawn. The end result was a 0.3 percentage point jump in the unemployment rate to a seasonally adjusted 8 percent, the highest since June 1985's 8.8 percent.

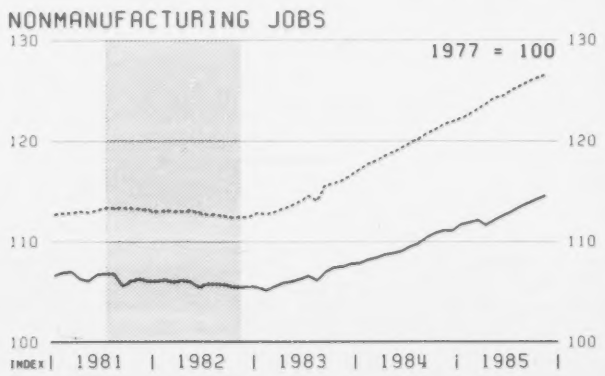
These trends are more disappointing when examined relative to national developments. U.S. employment rose for the fifth consecutive month, while the number counted as unemployed fell a seasonally adjusted 2.4 percent. At 7 percent, the nation's unemployment rate was a full percentage point below Pennsylvania's.

**Despite November's slump in Pennsylvania, developments through the first 11 months of 1985 were encouraging compared to the same period in 1984.** Employment was up by 125,000. Enough jobs were created to absorb a rise in the labor force and reduce the number of unemployed. The unemployment rate fell more than one percentage point.

An encouraging development came in the seasonally adjusted 4.9 percent decline in initial claims for



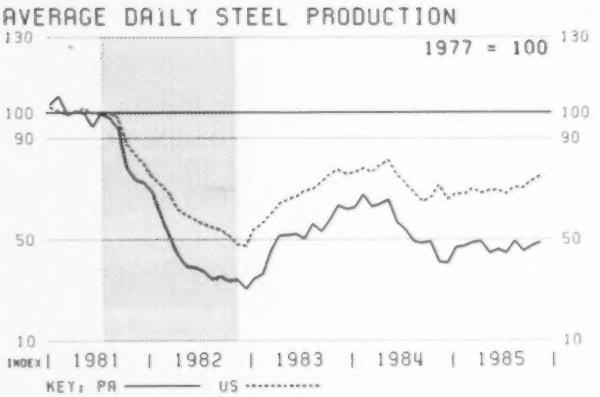



unemployment insurance in November. A decline in initial claims often signals a future fall in the number of unemployed.

The number of jobs in Pennsylvania nonagricultural establishments rose for the seventh consecutive month in November. In rising a seasonally adjusted 0.2 percent to 4.76 million, **there were more jobs in Pennsylvania establishments than at any time since May 1980.**

The main contributor to the job surge has been the nonmanufacturing sector, where there was a seasonally adjusted 3.69 million positions in November, up 11,200 from October. A similar increase took place nationally. Some of the sector's recent strength is probably due to a lack of foreign competition relative to manufacturing. Hence, **nonmanufacturing was not hurt as much by the dollar's earlier surge** which made U.S.-produced goods more expensive relative to imported goods. Except for April 1985, every month since October 1983 has brought with it a new nonmanufacturing employment record in Pennsylvania. **The ability of the economy to enter a fourth year of recovery is due, in large part, to the sector's strength.**



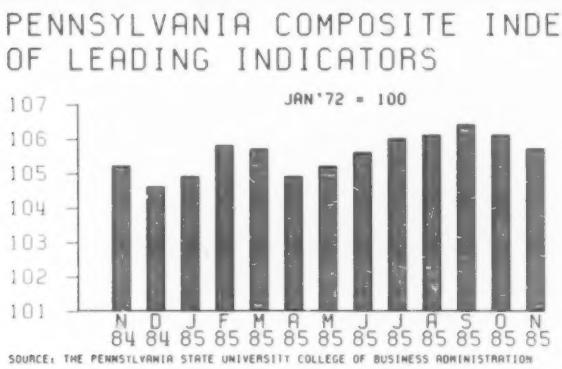

SHADED AREA REPRESENTS PERIOD OF NATIONAL RECESSION

As has been the case the last several months, nonmanufacturing employment growth in Pennsylvania was led by the services industries. Also making significant contributions were wholesale and retail trade. **There are some indications that manufacturing job**

| Economic Activity in Pennsylvania | UNADJUSTED DATA | | | SEASONALLY ADJUSTED DATA | | | SEASONALLY ADJUSTED INDEXES (1977 = 100) | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1985 | | 1984 | 1985 | | 1984 | 1985 | | 1984 |
| | *Oct* | *Nov* | *Nov* | *Oct* | *Nov* | *Nov* | *Oct* | *Nov* | *Nov* |
| **Pennsylvania Industries** | | | | | | | | | |
| All nonagricultural industries | | | | | | | | | |
| No. of wage and salary jobs (thous.)[1] | 4,797* | 4,809 | 4,743 | 4,744* | 4,755 | 4,693 | 103.9 | 104.2 | 102.8 |
| Nonmanufacturing | | | | | | | | | |
| No. of wage and salary jobs (thous.) | 3,717* | 3,732 | 3,621 | 3,679* | 3,690 | 3,580 | 114.1* | 114.5 | 111.0 |
| Manufacturing | | | | | | | | | |
| No. of wage and salary jobs (thous.) | 1,071* | 1,068 | 1,117 | 1,065* | 1,065 | 1,114 | 79.3* | 79.4 | 83.0 |
| Ave. wkly. hrs. worked by prod. workers | 40.0* | 40.3 | 40.6 | 40.0* | 39.9 | 40.2 | 101.3* | 101.0 | 101.7 |
| Total wkly. person-hours worked (mils.) | 29.2 | 29.3 | 31.2 | 29.1* | 28.8 | 30.8 | 75.8 | 75.2 | 80.2 |
| Total wkly. payroll (mil. dols.) | 279.2* | 282.4 | 293.1 | 279.4* | 277.7 | 288.3 | 124.4* | 123.6 | 128.3 |
| Steel production (thous. tons) | 961 | 938 | 790 | n.a. | n.a. | n.a. | 47.4 | 48.8 | 41.0 |
| Industrial electric power sales (mil. kwh) | 3,567 | 3,344 | 3,462 | 3,574 | 3,433 | 3,542 | 96.8 | 92.9 | 95.9 |
| Mining | | | | | | | | | |
| Anthracite coal (thous. net tons) | 371 | 321 | 349 | 323 | 287 | 308 | 66.1 | 58.7 | 63.0 |
| Bituminous coal (thous. net tons) | 5,972 | n.a. | 5,233† | 5,458 | n.a. | 4,735† | 77.4 | n.a. | 67.1† |
| Construction contracts awarded (mil. dols.) | | | | | | | | | |
| Total | 658.3 | 508.3 | 820.6* | 655.2 | 527.0 | 752.2* | 203.7 | 163.8 | 233.8* |
| Residential building | 315.5 | 204.1 | 242.3* | 280.5 | 213.8 | 232.0* | 199.3 | 151.9 | 164.9* |
| Nonresidential building | 243.8 | 153.4 | 452.4* | 218.1 | 123.9 | 354.0* | 201.1 | 114.2 | 326.3* |
| Nonbuilding (utilities and public works) | 99.1 | 150.8 | 126.0* | 156.6 | 189.3 | 166.2* | 216.1 | 261.2 | 229.3* |
| **Employment of Pennsylvania Residents** | | | | | | | | | |
| Employed, no. of persons (thous.) | 5,237 | 5,109 | 5,137 | 5,139 | 5,002 | 5,031 | 106.9 | 104.1 | 104.7 |
| Unemployed | | | | | | | | | |
| No. of persons (thous.) | 400 | 418 | 455 | 435 | 433 | 470 | 108.6 | 107.9 | 117.3 |
| Rate (percentage of labor force) | 7.1 | 7.6 | 8.1 | | | | | | |
| Rate, seasonally adjusted | | | | 7.7 | 8.0 | 8.6 | | | |
| Civilian labor force, no. of persons (thous.) | 5,637 | 5,527 | 5,592 | 5,574 | 5,435 | 5,501 | 107.1 | 104.4 | 105.7 |
| Initial claims for unemployment benefits | 119,603 | 114,985 | 134,744 | 121,743 | 115,826 | 133,002 | 85.0 | 80.9 | 92.9 |

| Consumer Prices, all items | Urban Indexes (1967 = 100) | | | Percentage Change | |
|---|---|---|---|---|---|
| | 1985 | | 1984 | *Month Ago* | *Year Ago* |
| | *Oct* | *Nov* | *Nov* | | |
| U.S. city average | 325.5 | 326.6 | 315.3 | +0.3 | +3.6 |
| Philadelphia | 317.4 | 318.8 | 306.0 | +0.4 | +4.2 |
| Pittsburgh | 328.4 | n.a. | 321.1† | n.a. | +2.3 |
| Northeast PA | n.a. | 310.6 | 301.1 | n.a. | +3.2 |

NOTES: Data on employment, payrolls and hours have been revised to first quarter 1984 benchmarks.
[1] Total includes workers on strike. * = figure revised † = figure for October 1984 n.a. = data not available
SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST.




**levels may have bottomed out, or will soon do so.** November's increase of 600 in the number of jobs to a seasonally adjusted 1.07 million is the first increase since January 1985 and follows just a slight decline in October after revision. Gains in nondurable goods jobs in November offset losses in durable goods industries. U.S. manufacturing job levels also rose slightly in November. Still, over the first 11 months of the year, Pennsylvania manufacturing employment was down more than 3 percent from the same period in 1984. Much of the **optimisim regarding future trends is attributable to expectations of further declines in the value of the dollar.** However, some will argue that a full-fledged manufacturing rebound will not occur until confusion surrounding efforts to reduce the deficit and tax revision are cleared up.

**Other indicators failed to signal any improvement in manufacturing.** The average factory workweek fell from a revised 40 hours per week in October to a seasonally adjusted 39.9 hours in November. Through the first 11 months of 1985, the workweek, a leading indicator of economic activity, averaged 39.8 hours, down 0.4 hour from 1984. Total hours worked and factory payrolls were also down. Electricity sales to industrial customers, a proxy for industrial activity, fell a seasonally adjusted 4 percent and were down 3.4 percent on a year-to-date basis relative to 1984.

**Pennsylvania Composite Indexes**

| | Index | | Percentage Change from Preceding Month | |
|---|---|---|---|---|
| | *Leading* | *Coincident* | *Leading* | *Coincident* |
| April | 104.9 | 87.6 | -0.8 | -0.7 |
| May | 105.2 | 87.2 | 0.3 | -0.5 |
| June | 105.6 | 87.7 | 0.4 | 0.6 |
| July | 106.0 | 87.3 | 0.4 | -0.5 |
| August | 106.1 | 87.3 | 0.1 | 0.0 |
| September | 106.4 | 87.0 | 0.3 | -0.3 |
| October | 106.1 | 86.5 | -0.3 | -0.6 |
| November | 105.7 | 85.4 | -0.4 | -1.3 |

The news was more encouraging on the steel front. Average daily output rose a seasonally adjusted 3 percent in Pennsylvania and 2.5 percent in the U.S. The Commonwealth's gain was strong enough to raise its share of total domestic production to 13.3 percent from 13.1 percent in October.

**Construction activity, as measured by the value of contracts awarded, fell for the second time in three months** in Pennsylvania. In declining a seasonally adjusted 19.6 percent, contract values fell to $527 million, their lowest level since January 1985. Declines occurred in both the residential and nonresidential building categories but rose in the nonbuilding group.

**November's sluggish overall performance is reflected in the third consecutive monthly decline in the index of coincident indicators.** The index rose only twice during the first 11 months of the year, both in the first half. Similarly, **the index of leading indicators fell for the second consecutive month** following five straight monthly advances. **A rebound in both indexes is dependent upon a manufacturing upturn.** Should this occur, other sectors of the economy would surely benefit, adding more fuel to the expansion.

— *William D. Anderson*

**PENNSYLVANIA BUSINESS SURVEY**

January 1986 Vol. 27, No. 1

Published monthly by the Division of Research of the College of Business Administration, 103 Business Administration Bldg. II, The Pennsylvania State University, University Park, PA 16802. Subscription rate: $7.00 a year. (ISSN 0031-4382)

Eugene J. Kelley, Dean of the College
Paul H. Rigby, Assistant Dean and Director of the Division of Research
Rodney A. Erickson, Director of the Center for Regional Business Analysis and Associate Director of the Division of Research
William D. Anderson, Assistant Director of the Center for Regional Business Analysis
Doris J. Bickle, Staff Assistant
Valeria J. Martin, Office Manager
Sheri A. Coval, Subscription Coordinator
Shahab Gerami, Graduate Assistant

The content of this publication is not copyrighted and may be reproduced freely, but acknowledgment of source will be appreciated.

# THE MID-ATLANTIC IN TRANSITION: METRO AND NONMETRO AREA CHANGES, 1974-1984

(This is the second of two articles summarizing a study by the author entitled "The Mid-Atlantic in Transition: Employment Trends, 1974-1984.")

*The secular rate of job creation slowed in the U.S. between the late 70s and early 80s. It rose in two states of the Mid-Atlantic region, New York and New Jersey. In the third, Pennsylvania, the secular trend reversed, falling from 7.1 percent from 1974 to 1979 to −2.9 percent from 1979 to 1984.*

*A look at recent trends among metro and nonmetro areas in the region provides insights into these employment shifts. The rate of job creation dipped slightly from 4.5 to 4.4 percent in metro areas from the 70's to the 80's (Table 1). Nonmetro areas went from a gain of 7.8 percent to a 3 percent decline. This implies a reversal of the oft-noted "rural-urban turnaround" of the 70's, when rates of growth in nonmetro areas exceeded metro areas for the first time in decades. The average rates of change in total employment for metro and nonmetro areas conceal considerable variation in performance among areas. These variations are related to differences in rates of change in sectors among areas.*

*To assess the evidence of variation in employment change in the region, this article looks first at changes in total employment and employment structure among metro areas. This is followed by a similar analysis for nonmetro areas and some prognostication on the future.*

Table 1. Percent change in total employment in the Mid-Atlantic region, September 1974-1984.

| | 74-79 | 79-84 |
|---|---|---|
| **Mid-Atlantic region** | 5.0 | 3.8 |
| Metro areas | 4.5 | 4.4 |
| Nonmetro areas | 7.8 | −3.0 |

## Metro Areas — Trends in Total Employment

A significant feature of employment change among metro areas of the Mid-Atlantic region over the past

Table 2. Percent change in total unemployment among metro areas of the Mid-Atlantic region, September 1974-1984[a].

| Metro areas grouped by location | 74-79 | 79-84 |
|---|---|---|
| **New York City-New Jersey-Philadelphia** | 3.9 | 7.5 |
| New York City MSA (8 counties) | −1.8 | 5.1 |
| Suburban New York MSA's | 11.9 | 14.4 |
| New Jersey[b] | 8.5 | 11.1 |
| Philadelphia MSA (Pennsylvania portion) | 4.4 | 1.4 |
| **Upstate New York MSA's** | 4.0 | 1.7 |
| Albany-Troy-Schenectady | 7.2 | 5.4 |
| Glens Falls | 8.5 | 5.5 |
| Utica-Rome | 1.5 | 1.6 |
| Syracuse | 6.4 | 5.1 |
| Rochester | 3.9 | 5.8 |
| Binghamton | 7.4 | 5.7 |
| Elmira | −8.5 | −4.9 |
| Buffalo | 1.4 | −6.4 |
| **Southeastern Pennsylvania MSA's** | 8.4 | 2.2 |
| Allentown-Bethlehem | 2.9 | −0.7 |
| Reading | 5.8 | 3.0 |
| Lancaster | 16.8 | 5.1 |
| York | 15.3 | 1.2 |
| Harrisburg-Lebanon-Carlisle | 7.0 | 3.5 |
| **Central Pennsylvania MSA's** | 5.7 | −2.2 |
| Scranton-Wilkes-Barre | 5.2 | −2.6 |
| Williamsport | 5.6 | −6.5 |
| State College | 9.2 | 9.3 |
| Altoona | 5.4 | −6.4 |
| **Western Pennsylvania MSA's** | 6.9 | −10.9 |
| Johnstown | 8.4 | −15.3 |
| Erie | 3.3 | −6.1 |
| Sharon | 3.0 | −14.9 |
| Pittsburgh-Beaver County | 7.3 | −10.8 |
| **All metro areas** | 4.5 | 4.4 |

a Metro areas are the MSA's (metropolitan statistical areas) defined by the U.S. Office of Management and Budget as of 1983.

b It should be noted that in this report New Jersey is treated as a single metro area. Actually a few individual metro areas in the state might have had declines from 1974-1979 or 1979-1984.

decade was a shift in growth from the smaller metro areas of interior New York and Pennsylvania to the New York City-New Jersey-Philadelphia (NNP) urban corridor. During the first half of the decade, the smaller areas in the interior of the region, especially in Pennsylvania, performed better than those in the NNP corridor (Table 2). The York and Lancaster areas actually exceeded the national growth rate.

During the 80's, this scenario shifted radically. In rising from 3.9 to 7.5 percent, the growth rate in the NNP area exceeded the nation's. Suburban New York and New Jersey areas averaged over twice the national rate of growth. The only other metro area in the region above the national average was State College.

The smaller areas in upstate New York and south-central Pennsylvania experienced growth at slower rates in the 80's than in the 70's. A band of areas from Buffalo to Pittsburgh and Johnstown had employment losses ranging from 6.1 to 15.3 percent between 1979 and 1984.

## Metro Areas — Sector Trends

Changes in total employment are the sum of changes in major sectors. The shifts in rates of growth among metro areas of the Mid-Atlantic region over the past decade raise several questions: What was happening to employment by sector among areas? Did certain sectors do better in some areas than in others? What happened among areas in the national fast-growth sectors such as services and trade? What was the performance record of manufacturing?

Looking at metro areas in the 70's versus the 80's, a number of shifts in trends among sectors are evident. Growth in each of the three national fast-growth sectors over the decade increased. Services employment growth jumped from 18.6 to 21 percent; finance, insurance and real estate from 8.2 to 15.2 percent; and trade from 6.9 to 9.5 percent (Table 3). Metro areas in the NNP complex typically lagged other areas in most sectors in the 70's but emerged as leaders in the 80's. The averages for all areas were below the national averages in both periods.

Manufacturing declined in all metro areas except southeastern Pennsylvania in the 70's. In the 80's, manufacturing declined in all areas at rates exceeding the national average. Metro areas in western Pennsylvania led the fall with an average decline of 36.5 percent.

The shifts in rates of employment change of sectors among metro areas from the 70's to the 80's impacted on the structure of employment across the region. Over the period, employment in the fast-growth sectors increased from 46.3 to 54.8 percent of total metro employment (Table 4). Manufacturing's share dropped from 26.6 to 20 percent. The NNP complex emerged in 1984 with 57.1 percent of its employment in the fast-growth sectors and only 17.8 percent in manufacturing. The areas of western Pennsylvania had 56 percent of their employment in fast-growth sectors, and only 19.7 percent in manufacturing by 1984. Areas in upstate New York and eastern and central Pennsylvania wound up with somewhat less of an orientation to fast growth industries.

## Nonmetro Areas — Trends in Total Employment

Total employment for nonmetro areas in New York and Pennsylvania averaged a 7.8 percent increase from 1974 to 1979 and a 3 percent decrease from 1979 to 1984. Nonmetro growth exceeded metro area growth in the 70's but fell behind in the 80's. The patterns of change in employment growth among nonmetro areas over the decade often appeared to reflect the economic health of the metro areas in their vicinity.

Nonmetro areas in New York gained employment in the 70's and the 80's (Table 5). However, a significant pattern of shift in rates occurred over the decade. Nonmetro areas in southeastern New York increased their rate of growth from 7.1 to 7.5 percent. It would appear that they received some spinoff from their proximity to the revitalized New York City area.

Table 3. Percent change in employment in major economic sectors for groups of metro areas in the Mid-Atlantic region (September data).

| | Fast-growth 70's & 80's | | | Fast-growth 70's; Slow-growth 80's | Slow-growth 70's & 80's | | Slow-growth 70's; Decline 80's | |
|---|---|---|---|---|---|---|---|---|
| Metro areas grouped by location | Services | Finance, insurance & real estate | Wholesale & retail trade | Mining | Government | Transportation & public utilities | Construction | Manufacturing |
| | | | | Percent change 1974-1979 | | | | |
| New York City-New Jersey-Philadelphia MSA (PA portion) | 18.1 | 7.0 | 5.4 | -18.0 | 2.7 | - 0.9 | -10.7 | - 5.9 |
| Upstate New York MSA's | 16.0 | 10.9 | 7.1 | — | 6.8 | - 1.4 | -10.8 | - 4.3 |
| Southeastern Pennsylvania MSA's | 19.4 | 24.3 | 16.4 | — | 3.6 | 8.9 | - 5.5 | 2.4 |
| Central Pennsylvania MSA's | 20.8 | 5.8 | 12.6 | 0.0 | 8.6 | 4.0 | - 0.9 | - 5.1 |
| Western Pennsylvania MSA's | 25.3 | 12.9 | 10.4 | 17.9 | 2.0 | - 1.8 | 15.9 | - 5.7 |
| All metro areas | 18.6 | 8.2 | 6.9 | 9.7 | 3.5 | - 0.3 | - 6.9 | - 4.8 |
| | | | | Percent change 1979-1984 | | | | |
| New York City-New Jersey-Philadelphia MSA (PA portion) | 22.5 | 16.2 | 11.2 | - 4.9 | 1.0 | 1.0 | 18.1 | -10.7 |
| Upstate New York MSA's | 18.6 | 12.4 | 6.8 | — | - 1.6 | - 5.0 | 4.5 | -12.4 |
| Southeastern Pennsylvania MSA's | 22.5 | 11.4 | 11.8 | — | - 0.7 | - 1.5 | - 6.5 | -10.0 |
| Central Pennsylvania MSA's | 17.1 | 12.9 | 5.3 | -17.6 | - 3.8 | -11.8 | -23.2 | -13.3 |
| Western Pennsylvania MSA's | 12.3 | 9.2 | 1.6 | -37.5 | -10.9 | -16.7 | -19.1 | -36.5 |
| All metro areas | 21.0 | 15.2 | 9.5 | -32.0 | - 0.5 | - 1.8 | 6.7 | -13.6 |

Table 4. Percent of total employment in national fast-growth sectors and manufacturing by metro area group in the Mid-Atlantic region (September data).

| Metro areas grouped by location | Fast-growth sectors 1974 | Fast-growth sectors 1984 | Manufacturing 1974 | Manufacturing 1984 |
|---|---|---|---|---|
| New York City-New Jersey-Philadelphia MSA (PA portion) | 49.2 | 57.1 | 23.7 | 17.8 |
| Upstate New York MSA's | 41.4 | 48.8 | 30.7 | 24.3 |
| Southeastern Pennsylvania MSA's | 36.8 | 45.2 | 38.0 | 31.6 |
| Central Pennsylvania MSA's | 37.2 | 46.1 | 33.5 | 26.7 |
| Western Pennsylvania MSA's | 42.6 | 56.0 | 31.3 | 19.7 |
| All metro areas | 46.3 | 54.8 | 26.6 | 20.0 |

Conversely, nonmetro areas in central and western New York went from employment increases during the 1974-1979 period to declines in the 1979-1984 period. Perhaps part of this was due to their proximity to the generally slow-growth metro areas of central New York and the declining Buffalo area in the west.

In Pennsylvania, nonmetro areas averaged higher growth rates than those in New York in the 70's. However, in the 80's, areas throughout the State declined. Again, there appeared to be some relation in the performance of nonmetro areas to metro areas in their proximity. Nonmetro areas in southeast Pennsylvania averaged the lowest rate of decline, 4.6 percent. Areas in western Pennsylvania averaged the highest rate of decline, 8.8 percent.

## Nonmetro Areas — Sector Trends

Employment trends also shifted among sectors in nonmetro areas of the region. Average rates of job creation in the three national fast-growth sectors were lower for nonmetro areas in the 80's than in the 70's (Table 6). Employment in finance, insurance, and real estate rose 11.1 percent in the first half of the decade but only 4.5 percent in the last half. Comparable figures were 15.3 and 3.9 percent for trade. Even the rate of job creation in services dropped some.

The rate of nonmetro manufacturing employment growth went from −3.1 to −15.5 percent, compared to an average of −4.8 to −13.6 percent in metro areas. The performance of nonmetro areas appeared related to the metro areas near them. Areas in central and western New York and western Pennsylvania had the highest rates of decline in the 80's.

The slower growth of national fast-growth sectors in nonmetro relative to metro areas in the 80's left the employment structures of nonmetro areas more heavily weighted to manufacturing and less to fast-growth sectors. By 1984, only 43.5 percent of nonmetro employment was in fast-growth sectors versus 54.8 percent for metro areas (Table 7). In 1984, manufacturing still commanded 25.5 percent of employment in nonmetro areas versus 20 percent in metro areas.

## The Future?

Employment trends for the past decade indicate some significant reversals in performance among metro and nonmetro areas of the Mid-Atlantic region. Most notably, the NNP corridor emerged as the leader. The area benefitted from a significant upsurge in national fast-growth sectors, and a below average (for the region) rate of decline in manufacturing. The corridor, with its recent high rates of growth in national fast-growth sectors and its current high proportion of total employment in these sectors would appear to be the most viable part of the region in the immediate future.

Trends within the region also indicate rather consistent slow-growth for the smaller metro areas of southeast Pennsylvania and upstate New York (except Buffalo and Elmira). The rates of increase in the fast-growth sectors were less than in the NNP area and by 1984 they were still more oriented to manufacturing. However, their rates of decline in manufacturing were relatively moderate. If they can continue to temper their declines in manufacturing and participate in the national

Table 5. Percent change in total employment among nonmetro areas of the Mid-Atlantic region, September 1974-1984.

| Nonmetro areas grouped by location | 74-79 | 79-84 |
|---|---|---|
| **New York** | 6.0 | 1.4 |
| Southeastern | 7.1 | 7.5 |
| Northern | 9.4 | 2.5 |
| Central | 4.5 | −0.2 |
| Western | 3.6 | −3.1 |
| **Pennsylvania** | 9.4 | −5.9 |
| Eastern | 6.9 | −4.6 |
| Northern | 6.5 | −8.1 |
| Central | 9.5 | −5.3 |
| Western | 11.6 | −8.8 |
| **All nonmetro areas** | 7.8 | −3.0 |

Table 6. Percent change in employment in major economic sectors for groups of nonmetro areas in the Mid-Atlantic region (September data).

| Nonmetro areas grouped by location | Fast-growth 70's & 80's: Services | Fast-growth 70's & 80's: Finance, insurance & real estate | Fast-growth 70's & 80's: Wholesale & retail trade | Fast-growth 70's; Slow-growth 80's: Mining | Slow-growth 70's & 80's: Government | Slow-growth 70's & 80's: Transportation & public utilities | Slow-growth 70's; Decline 80's: Construction | Slow-growth 70's; Decline 80's: Manufacturing |
|---|---|---|---|---|---|---|---|---|
| | | | | Percent change 1974-1979 | | | | |
| **New York** | 14.3 | 3.2 | 13.1 | — | 9.1 | - 3.7 | - 4.7 | - 3.0 |
| Southeastern | 13.0 | 9.3 | 11.3 | — | 10.2 | - 3.8 | - 6.5 | - 0.7 |
| Northern | 14.0 | 0.0 | 17.4 | — | 11.6 | 5.7 | 1.9 | 4.3 |
| Central | 9.8 | 2.9 | 13.5 | — | 10.1 | - 19.6 | 5.9 | - 5.8 |
| Western | 20.5 | 0.0 | 13.8 | — | 5.0 | 0.0 | - 15.3 | - 6.0 |
| **Pennsylvania** | 15.6 | 20.0 | 17.5 | 39.6 | 18.6 | 3.3 | - 6.1 | - 3.2 |
| Eastern | 9.6 | - 3.1 | 16.1 | 0.0 | 16.1 | - 2.4 | - 4.3 | - 2.2 |
| Northern | 20.4 | 9.5 | 15.9 | 44.4 | 10.2 | - 10.6 | - 10.7 | - 0.3 |
| Central | 13.1 | 52.4 | 16.4 | 25.0 | 21.9 | 14.0 | 7.8 | - 1.5 |
| Western | 18.3 | 23.4 | 19.1 | 45.5 | 21.4 | 5.1 | 16.3 | - 6.2 |
| **All nonmetro areas** | 14.9 | 11.1 | 15.3 | 39.6 | 13.2 | 0.4 | 1.0 | - 3.1 |
| | | | | Percent change 1979-1984 | | | | |
| **New York** | 14.1 | 5.6 | 6.0 | — | 2.1 | 2.9 | - 10.9 | - 10.4 |
| Southeastern | 14.8 | 12.8 | 11.3 | — | 4.3 | 2.0 | 2.3 | 0.1 |
| Northern | 10.5 | 0.0 | 5.9 | — | 3.7 | 7.1 | - 20.0 | - 5.4 |
| Central | 15.3 | 0.0 | 6.7 | — | 1.9 | 16.2 | - 8.3 | - 17.6 |
| Western | 15.9 | 7.0 | 1.3 | — | - 1.1 | - 7.6 | - 14.0 | - 14.6 |
| **Pennsylvania** | 15.2 | 3.6 | 2.0 | - 9.6 | - 9.7 | - 9.6 | - 23.6 | - 19.4 |
| Eastern | 10.5 | 22.6 | 9.9 | - 11.5 | - 9.8 | 5.0 | - 11.1 | - 15.7 |
| Northern | 5.9 | 0.0 | - 3.9 | - 15.4 | - 8.5 | - 2.4 | - 32.0 | - 15.7 |
| Central | 22.1 | - 5.7 | 5.3 | - 40.0 | - 14.8 | - 20.0 | - 23.6 | - 13.6 |
| Western | 17.4 | 1.3 | - 0.8 | - 9.4 | - 7.7 | - 8.5 | - 27.0 | - 27.1 |
| **All nonmetro areas** | 14.6 | 4.5 | 3.9 | - 9.6 | - 3.2 | - 4.7 | - 17.8 | - 15.5 |

Table 7. Percent of total employment in national fast-growth sectors and manufacturing by nonmetro area group in the Mid-Atlantic region (September data).

| Nonmetro areas grouped by location | Fast-growth sectors 1974 | Fast-growth sectors 1984 | Manufacturing 1974 | Manufacturing 1984 |
|---|---|---|---|---|
| **New York** | 39.6 | 45.7 | 29.5 | 23.9 |
| Southeastern | 46.7 | 51.2 | 23.2 | 20.2 |
| Northern | 40.9 | 44.3 | 23.8 | 20.9 |
| Central | 39.5 | 46.4 | 30.7 | 22.8 |
| Western | 33.7 | 44.9 | 37.8 | 30.2 |
| **Pennsylvania** | 33.4 | 41.3 | 37.8 | 29.0 |
| Eastern | 32.4 | 39.4 | 40.8 | 33.0 |
| Northern | 32.2 | 38.8 | 42.2 | 36.3 |
| Central | 33.8 | 42.6 | 39.9 | 33.0 |
| Western | 34.2 | 42.1 | 33.7 | 22.6 |
| **All nonmetro areas** | 36.5 | 43.5 | 33.8 | 25.5 |

expansion of fast-growth sectors they should continue to expand employment.

The metro areas of the western part of the region stretching from Buffalo to Pittsburgh had declining total employment and large declines in manufacturing. By 1984, at least the Pennsylvania areas had a sector mix between fast-growth sectors and manufacturing nearly as favorable as the NNP area. The prime questions for the future would appear to be: Has manufacturing come close to bottoming out? and Can these areas retrench in other sectors?

Recent trends indicate a reversal in the fortunes of nonmetro areas in the region. Except for areas in southeastern and northern New York, there was a shift from growth to decline from the 70's to the 80's. In 1984, nonmetro areas were more oriented to the nationally declining manufacturing sector than metro areas. Their future appears tied to how manufacturing adjusts to competition. They also face the challenge of capturing more jobs in national fast-growth sectors.

*—Theodore E. Fuller, Development Economist*
*The Pennsylvania State University*

**PENNSYLVANIA BUSINESS SURVEY**

Division of Research of the
College of Business Administration
The Pennsylvania State University
University Park, PA 16802

ADDRESS CORRECTION REQUESTED

Nonprofit organization
U.S. postage paid
The Pennsylvania State University

U.Ed. 86-536

018-01-03332
* CONGRESSIONAL INFOR SRV-SRI
4520 EAST WEST HIGHWAY
WASHINGTON DC 20014